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Office Memorandum • UNITED STATES GOVERNMENT

TO : CA - Walter P. McCormack
 CA - Alfred Lee Jenkins
 FROM : CA - Harrison M. Holland

SUBJECT: Military Situation in Formosa

DEPARTMENT OF STATE
 DATE: October 29, 1953
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 IS AUTH. REASON(S)
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 EXEMPTIONS

The proposal to be outlined assumptions:

(1) It continues to be in the U.S. interests, as stated in NSC 146, to build up Chinese Nationalist military forces for the defense of Formosa and for such offensive operations as may be in the U.S. interest, the military concept here being to establish an effective Asiatic manpower reserve to be used as a substitute for or in concert with U.S. military forces.

(2) Satisfactory progress toward these goals cannot be achieved until basic weaknesses in the Chinese military establishment are corrected.

(3) Elimination of these fundamental weaknesses can be achieved only through purposeful action by President Chiang Kai-shek.

Discussion

It is important to the United States in the struggle against Communist imperialism in the Far East that there exist on Formosa a strong Chinese military force capable of both offensive and defensive operations. The presence of such a force on a combat-ready basis would very likely have a deterrent effect upon the Chinese Communists and could result in drawing away from the Chinese Communist regime the support of important sections of the overseas Chinese population in Southeast Asia.

The present military situation in Formosa is not a satisfactory one when judged in terms of the development of effective defensive and offensive capabilities. MAAG, which has been in Formosa since May 1951, is currently training and supplying a Chinese Nationalist force of 397,000 men. While achieving some commendable results in the areas of training, maintenance, and organization, the MAAG mission up to now has been unsuccessful in correcting some of the basic weaknesses in the Chinese military establishment. From the U.S. military standpoint, the following weaknesses in the Chinese military establishment constitute

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constitute very real obstacles to the successful completion of MAAG's mission:

1. A political officer system which seriously affects responsible command leadership.
2. An ineffective supply and logistics system.
3. Poor military budget planning.
4. Poor acquisition, evaluation, and exploitation of military combat intelligence.

The MAAG mid-year progress report to President Chiang dated August 23, 1953 was quite frank in its criticism of the Chinese military establishment and particularly noted the above four points. For example, in discussing the situation in supply and logistics, General Chase stated that the offensive capabilities of the Chinese Nationalists in terms of logistics support, was non-existent and that the supply system could presently support only a maximum defensive effort of five days. He remarked that a clever enemy could exploit this weakness, thus cutting down the period of the defensive effort even further. In fact, in terms of percentage progress made in the first six months of 1953, the Combined Service Forces has actually slipped back ten percent. General Chase's comments about the political officer system, poor command leadership, and ineffective intelligence activities, were equally critical. He strongly advised the Generalissimo to adopt MAAG's recommendations designed to correct these weaknesses. It might be parenthetically pointed out that General Chase has been making similar recommendations to the Generalissimo for over two years.

The United States has spent 756.2 million dollars in military and economic aid in 1951 - 1953, and has programmed 466.5 million dollars for fiscal year 1954. From all reports there appears to be a satisfactory flow of military hardware to Formosa except for Air Force material, but it is expected that this situation will improve rapidly in the next few months. It is apparent from these facts that the United States is making a rather sizeable investment in money and material in Formosa. Progress has been achieved in the military sphere in the last two years, but unless the

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fundamental weaknesses mentioned above can be corrected, the Chinese Nationalist military forces will never attain the combat effectiveness necessary for a successful defense of Formosa or for offensive operations. This contention is amply borne out, it seems to me, by the recent Tung-shan operation which has been generally described as a "colossal flop". It is certainly not the intention to disparage the Chinese military forces in Formosa, as much conscientious effort is being made by the Chinese themselves to improve the situation. It is rather the intention to point out the fact that the rate of progress up to now does not appear satisfactory in terms of (1) U.S. policy objectives, and (2) the funds and effort expended. To recommend a method of solving the problems faced by MAAG is the purpose of this paper.

Recommendations

It must be assumed that the Generalissimo for his own good reasons is reluctant to accept the recommendations of MAAG to correct the basic deficiencies in the Chinese military establishment and that if allowed to exist these weaknesses will prevent the Chinese military forces from attaining an effective combat readiness. To induce the Generalissimo to agree to MAAG's recommendations would seem to be the central problem.

It is submitted that only the threat of a revised military concept which would reduce the dimensions of our aid programs will provide this inducement. To make such a threat real and effective, it is important that the Generalissimo realize that it would have the united backing of the executive and legislative branches of the U.S. Government. Heretofore, the Generalissimo has felt secure in the knowledge that he had friends in the legislative branch who would support his requests for money and material, even when this was not the policy of the executive branch. If the United States Government cannot present a united front to the Generalissimo, efforts to induce him to agree to needed military reforms will probably fail. The history of Sino-American relations since 1940 has its object lessons in this respect. I would therefore propose the following:

1. That

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1. That the State Department obtain from the Department of Defense the latest evaluation of our military programs on Formosa.
2. Based upon the findings of the Defense Department and working in concert with Defense, the Department of State should recommend to the President that he invite to the White House key Congressmen and Senators whose friendship for free China is known (i.e., Judd, Knowland, Dirksen, Bridges, Speaker Martin) and explain to them the problem that exists in Formosa with respect to needed military reform. Assurances should be obtained from these Congressmen and Senators of their support and cooperation in the execution of the Plan.
3. The Plan - Ambassador Rankin would call upon the Generalissimo and strongly urge him to adopt the measures recommended by MAAG. If, after an appropriate waiting period and with no action having been taken by the Generalissimo, Ambassador Rankin would again call and state that because the Chinese Government had not agreed to the necessary military reforms and because these reforms were considered by the U.S. Government basic to a fundamental improvement in the Chinese military situation, the United States Government felt it would be in the interests of both Governments that concentration be placed on the development of a force considered by the U.S. to be minimum for the defense of Formosa, as in this way the present basic weaknesses in the Chinese military forces could be minimized and better managed. A slower buildup in the Navy and Air Force would also be planned to accord with the revised training concept. If the Generalissimo in obtaining reactions from both the legislative and executive branches of the U.S. Government to this decision found united backing for the proposal, it is considered likely that he would take the necessary steps to comply with MAAG recommendations. It would further have the salutary effect of discouraging the Chinese Government from future efforts to by-pass the U.S. executive branch on important policy considerations.

The timing

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The timing of such a project would, of course, be important. There are admitted imponderables in carrying out this program successfully, but it is submitted that the alternatives to a proposal designed to obtain needed military reform in the Chinese armed forces is a military situation in Formosa that can never wholly support present U.S. policy objectives.

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